



ANTI-MONEY LAUNDERING COUNCIL  
*The Philippines' Financial Intelligence Unit*



# 2007 ANNUAL REPORT

Anti-Money Laundering Council  
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Bangko Sentral ng Pilipinas  
Malate, Manila  
[www.amlc.gov.ph](http://www.amlc.gov.ph)

## ***Background***

- The AMLA

The Anti-Money Laundering Act of 2001 (AMLA) was enacted to protect and preserve the integrity and confidentiality of bank accounts and to ensure that the Philippines shall not be used as a money laundering site for the proceeds of any unlawful activity. Consistent with the State's foreign policy, it has provisions for international cooperation in transnational investigations and prosecutions of persons involved in money laundering activities wherever committed.

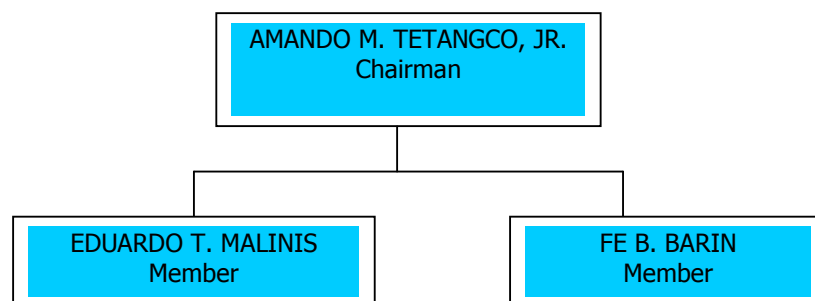
The AMLA took effect on 17 October 2001. It was later amended with the enactment of Republic Act 9194 which took effect on 23 March 2003. The Revised Implementing Rules and Regulations took effect on 7 September 2003.

### ***Salient features of the AMLA***

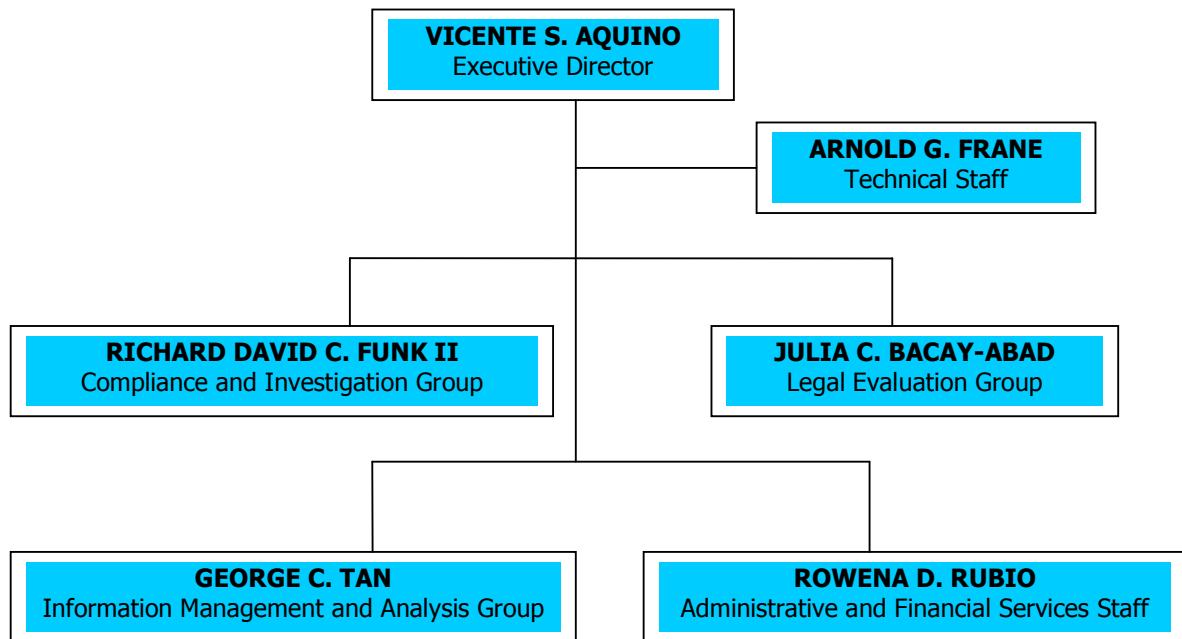
- Criminalized money laundering
- Created the Anti-Money Laundering Council (AMLC) to be the Philippines' financial intelligence unit
- Imposed requirements on customer identification, record-keeping and reporting of covered and suspicious transactions
- Relaxed the strict bank deposit secrecy laws
- Provided for the freezing/seizure/forfeiture and recovery of dirty money/property
- Provided for international cooperation

- The AMLC

The AMLA created the Anti-Money Laundering Council (AMLC) to serve as the Philippines' financial intelligence unit (FIU) tasked to implement the AMLA. It is composed of the Governor of the Bangko Sentral ng Pilipinas (BSP) as Chairman and the Chair of the Securities and Exchange Commission (SEC) and Insurance Commissioner (IC) as Members.



To assist the AMLC in the discharge of its functions, the AMLC established a Secretariat consisting of four (4) groups to be headed by an Executive Director.



### ***Functions of the AMLC***

Section 7 of the AMLA authorizes the AMLC:

- (1) to require and receive covered or suspicious transaction reports from covered institutions;
- (2) to issue orders addressed to the appropriate Supervising Authority or the covered institution to determine the true identity of the owner of any monetary instrument or property subject of a covered transaction or suspicious transaction report or request for assistance from a foreign State, or believed by the Council, on the basis of substantial evidence, to be, in whole or in part, wherever located, representing, involving, or related to, directly or indirectly, in any manner or by any means, the proceeds of an unlawful activity.
- (3) to institute civil forfeiture proceedings and all other remedial proceedings through the Office of the Solicitor General;
- (4) to cause the filing of complaints with the Department of Justice or the Ombudsman for the prosecution of money laundering offenses;

- (5) to investigate suspicious transactions and covered transactions deemed suspicious after an investigation by AMLC, money laundering activities, and other violations of this Act;
- (6) to apply before the Court of Appeals, ex parte, for the freezing of any monetary instrument or property alleged to be the proceeds of any unlawful activity as defined in Section 3(i) hereof;
- (7) to implement such measures as may be necessary and justified under this Act to counteract money laundering;
- (8) to receive and take action in respect of, any request from foreign states for assistance in their own anti-money laundering operations provided in this Act;
- (9) to develop educational programs on the pernicious effects of money laundering, the methods and techniques used in money laundering, the viable means of preventing money laundering and the effective ways of prosecuting and punishing offenders;
- (10) to enlist the assistance of any branch, department, bureau, office, agency or instrumentality of the government, including government-owned and -controlled corporations, in undertaking any and all anti-money laundering operations, which may include the use of its personnel, facilities and resources for the more resolute prevention, detection and investigation of money laundering offenses and prosecution of offenders; and
- (11) to impose administrative sanctions for the violation of laws, rules, regulations and orders and resolutions issued pursuant thereto.

- Offenses Under the AMLA

- *Money Laundering Offense.* Section 4 (AMLA) defines money laundering as a crime whereby the proceeds of an unlawful activity are transacted, thereby making them appear to have originated from legitimate sources. It is committed by the following:

- (a) Any person knowing that any monetary instrument or property represents, involves, or relates to, the proceeds of any unlawful activity, transacts or attempts to transact said monetary instrument or property.

- (b) Any person knowing that any monetary instrument or property involves the proceeds of any unlawful activity, performs or fails to perform any act as a result of which he facilitates the offense of money laundering referred to in paragraph (a) above.

(c) Any person knowing that any monetary instrument or property is required under this Act to be disclosed and filed with the Anti-Money Laundering Council (AMLC), fails to do so

- *Failure to report* (Section 14 [a], AMLA).
  - *Failure to Keep Records* (Section 14 [b], *ibid.*).
  - *Malicious Reporting* (Section 14 [c], *ibid.*).
  - *Breach of Confidentiality* (Section 14 [d], *ibid.*)
- Covered institutions/Reporting entities

"Covered Institution" refers to:

    - (1) banks, non-banks, quasi-banks, trust entities, and all other institutions and their subsidiaries and affiliates supervised or regulated by the Bangko Sentral ng Pilipinas (BSP);
    - (2) insurance companies and all other institutions supervised or regulated by the Insurance Commission; and
    - (3) (i) securities dealers, brokers, salesmen, investment houses and other similar entities managing securities or rendering services as investment agent, advisor, or consultant, (ii) mutual funds, close-end investment companies, common trust funds, pre-need companies and other similar entities, (iii) foreign exchange corporations, money changers, money payment, remittance, and transfer companies and other similar entities, and (iv) other entities administering or otherwise dealing in currency, commodities or financial derivatives based thereon, valuable objects, cash substitutes and other similar monetary instruments or property supervised or regulated by Securities and Exchange Commission.
  - Reportable Transactions Submitted to the AMLC

**"Covered transaction"** is a transaction in cash or other equivalent monetary instrument involving a total amount in excess of Five hundred thousand pesos (P500,000.00) within one (1) banking day.

**"Suspicious transaction"** are transactions with covered institutions, regardless of the amounts involved, where any of the following circumstances exist:

    1. there is no underlying legal or trade obligation, purpose or economic justification;
    2. the client is not properly identified;

3. the amount involved is not commensurate with the business or financial capacity of the client;
4. taking into account all known circumstances, it may be perceived that the client's transaction is structured in order to avoid being the subject of reporting requirements under the Act;
5. any circumstance relating to the transaction which is observed to deviate from the profile of the client and/or the client's past transactions with the covered institution;
6. the transaction is in any way related to an unlawful activity or offense under this Act that is about to be, is being or has been committed; or
7. any transaction that is similar or analogous to any of the foregoing.

- The AMLC and the other International Bodies

- *The Asia-Pacific Group on Money Laundering (APGML)*. The APG is an organization of countries in the Asia-Pacific region participating in the fight against money laundering and terrorist financing. It conducts mutual evaluations of its members to ensure that their efforts come up to FATF standards and holds workshops to keep track of trends in dealing with the crime of money laundering. The Philippines is a founding of the APG and regularly attends its meetings and workshops.
- *The Egmont Group of FIUs*. The Egmont Group is the coordinating body for the international group of financial intelligence units (FIUs) formed in 1995 to promote and enhance international cooperation in anti-money laundering and counter-terrorist financing. It currently has 100 FIU-members. The AMLC was admitted into the Egmont Group in June 2005.

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## **AMLC ANNUAL REPORT**

*(as of 31 December 2007)*

### **1. Steps taken to implement Anti-Money Laundering/Combating the financing of terrorism (AML/CFT) standards**

#### **(a) Policy/coordination developments**

- The Anti-Money Laundering Council (AMLC) is a member of the Technical Working Group tasked to prepare the Implementing Rules and Regulations of the Human Security Act of 2007 (Republic Act No. 9372), the Philippines' anti-terrorism law.

Under the Human Security Act (HSA), the AMLC is one of the support agencies of the Anti-Terrorism Council.

- The AMLC entered into a Memorandum of Agreement (MOA) with the Presidential Anti-Graft Commission or PAGC (18 January 2007); with the Police Anti-Crime and Emergency Response or PACER (30 January 2007) and the Bureau of Customs (20 June 2007) to promote and encourage cooperation and coordination in effectively detecting, deterring, investigating and prosecuting money laundering offenses and the underlying unlawful activities. The AMLC also has existing MOAs with the Anti-Terrorism Task Force "Sanglahi" and the Criminal Investigation and Detection Group of the Philippine National Police, the Department of Justice, the Philippine Center on Transnational Crime, the Philippine Drug Enforcement Agency, the Office of the Ombudsman and the National Intelligence Coordinating Agency. It is also set to enter into MOA with other government agencies.
- On 28 February 2007, the AMLC entered into a Memorandum of Understanding (MOU) with the Bangko Sentral ng Pilipinas. The MOU sets forth the procedures for information exchange, compliance and enforcement policies between the BSP and AMLC. It was designed: a) to address information exchange; b) to define the lines of compliance and enforcement jurisdiction; and c) to ensure that the anti-money laundering examinations conducted by the BSP will achieve the objectives of the AMLA.



BSP Governor Amando M. Tetangco and AMLC Member FE B. Barin of the SEC seal the regulatory partnership between the BSP and the AMLC during the 28 February 2007 signing of the Memorandum of Understanding. Witnessing the event were BSP Deputy Governor Nestor A. Espenilla, Jr. (extreme left) and AMLC Secretariat Executive Director Vicente S. Aquino (extreme right).

- The Anti-Money Laundering Council (AMLC) is a regular member in good standing of the National Law Enforcement Coordinating Committee (NALECC). The NALECC was established in 1982 as a policy-coordinating and action-monitoring mechanism for all government agencies with a role in formulating law enforcement and regulatory policies that are currently being implemented, providing inputs and recommendations and enabling the passage of important legislations affecting the country's peace and order, economy and environment. It consists of fifty eight (58) member-agencies.

The AMLC Secretariat Executive Director is the chair of the NALECC's Sub-committee on Anti-Money Laundering/Combating the Financing of Terrorism, which was formed on 15 August 2003. The sub-committee currently has 24 member-agencies. It has also received the following awards: Most Active Member Agency (2007); Best NALECC Sub-Committee (2006); and Best NALECC Member-Agency (2005).

## **(b) Legislative developments**

- On 6 March 2007, the President of the Philippines signed into law the Human Security Act of 2007 (Republic Act No. 9372), the Philippines' anti-terrorism law.



*Salient Features:*

- a) It criminalizes terrorism and conspiracy to commit terrorism;
- b) It penalizes an offender on the basis of his participation, e.g. principal, accomplice and accessory. The offender may be a principal by direct participation, a principal by inducement or a principal by indispensable cooperation, e.g. terrorist financier;
- c) It empowers the duly authorized police and law enforcement agents to conduct surveillance/communications interceptions, and inquire into bank accounts;
- d) Authorizes the Anti-Terrorism Council (ATC) to freeze, pursuant to the Anti-Money Laundering Act, the funds, property, bank deposits, assets, etc., belonging to persons suspected of or charged with terrorism or conspiracy to commit terrorism;
- e) It created an Anti-Terrorism Council (ATC) and made the AMLC one of its support agencies.

The ATC is composed of the following government officials:

- i) The Executive Secretary;
- ii) The Secretary of Justice;
- iii) The Secretary of Foreign Affairs;
- iv) The Secretary of National Defense;
- v) The Secretary of the Interior and Local Government;
- vi) The Secretary of Finance; and
- vii) The National Security Advisor.

*---With the following Support Agencies:*

- i) The National Bureau of Investigation;
- ii) The Bureau of Immigration;
- iii) The Office of Civil Defense;
- iv) The Intelligence Service of the Armed Forces of the Philippines;
- v) *The Anti-Money Laundering Council (AMLC);*
- vi) The Philippine Center on Transnational Crime; and
- vii) The Philippine National Police.

**c) Regulatory developments**

- The AMLC issued Resolution No. 10 dated 31 January 2007 reminding all banks that the negotiation of spurious or fraudulent checks is a "transaction" within the meaning of the AMLA and that such transaction should be reported as a suspicious transaction to the AMLC.

- Pursuant to Monetary Board Resolution No. 310 dated 15 March 2007, the Bangko Sentral ng Pilipinas (Central Bank of the Philippines) or BSP issued Circular No. 564 establishing the guidelines governing the acceptance of valid identification cards and emphasizing the AMLA's "*two-ID requirement*" for conducting financial transactions with banks and non-bank financial institutions.
- On 7 February 2007, the BSP issued Memorandum No. M-2007-003 reminding universal and commercial banks of the deadline for their compliance with Circular No. 49 (dated 20 September 2005) which requires universal and commercial banks to set-up their electronic money laundering transaction monitoring system.
- On 7 July 2007, the AMLC issued Resolution No. 61 entitled, "*Rule of Procedure Governing Administrative Investigations by the Anti-Money Laundering Council Secretariat*".
- On 23 October 2007, the AMLC issued Resolution No. 84 creating a multi-agency preparatory committee to take charge in the preparation and inter-agency coordination needed for the Mutual Evaluation scheduled on 22 September to 6 October 2008.
- As of 31 December 2007, the AMLC had issued sixty (60) Resolutions directing all covered institutions to report to AMLC, transactions and assets, if any, of terrorist individuals and organizations as well as any person/group with links to terrorist organizations, i.e., Osama Bin Laden, Al-Qaeda, Jemaah Islamiyah, the Taliban, and other terrorist organizations designated by the UN Security Council, the United States and other foreign governments. In turn, the Supervising Authorities have each issued circulars on these matters directing covered institutions to file suspicious transaction reports on these individuals or entities.

**(d) Law enforcement**

- On 20 June 2007, the AMLC filed with the Office of the Ombudsman 165 counts of money laundering against retired Philippine Army Major General Carlos Garcia and the immediate members of his family. Gen. Garcia, et al., were initially charged by the Ombudsman with plunder for amassing more than P300 million (approximately US\$6.5 million) in ill-gotten wealth.

- On 2 February 2007, the AMLC obtained a favorable decision in four of its civil forfeiture cases. The Special AML Court of Manila ordered the forfeiture of more than P18 million (approximately US\$390,000.00) in funds derived from or related to swindling (fraud).
- The AMLC was able to obtain a freeze order from the Court of Appeals directing a certain bank to “freeze” the account of the International Islamic Relief Organization (IIRO), an organization with known terrorist links. Subsequently, on **28 May 2007**, the AMLC filed with the trial court a petition to forfeit IIRO’s funds with the bank. On 18 June 2007, the trial court issued an Asset Preservation Order to prevent the funds (more than P150,000.00 or US\$3,000-plus) from being withdrawn.

**(e) International cooperation developments**

- As of 31 December 2007, the Philippines had received and promptly taken appropriate action on 226 international requests for assistance.
- To further facilitate the exchange of information, the AMLC entered into an MOU the Financial Intelligence Units (FIUs) of Peru (31 January 2007), Bermuda, and the National Criminal Intelligence Service, Financial Unit of Sweden (28 May 2007). The AMLC has existing MOUs with Korean Financial Intelligence Unit, the Bank Negara Malaysia, the Indonesian Financial Transaction Reports and Analysis Center, the Anti-Money Laundering Office of Thailand, the FIU of Palau, the Money Laundering Prevention Office of Taiwan, Australian Transaction Reports and Analysis Centre and the U.S. Financial Crimes Enforcement Network.



**MOU Signing.** The AMLC signed an MOU with the Bermuda-FIU at the margins of the Egmont Annual Meeting in Bermuda on 28 May 2007. Shown in the photo are (seated, L-R) Mr. Gary Wilson of the Bermuda FIU and AMLC Secretariat Executive Director Vicente S. Aquino. Witnessing the MOU signing were (L-R) Insurance Commissioner and AMLC Member Evangeline Crisostomo Escobillo, Mr. Sinclair White of the Bermuda-FIU and SEC Chair and AMLC Member Fe B. Barin, who headed the Philippine delegation to the Annual meeting.

## **2. Training, technical assistance and other capacity building initiatives**

### **(a) Brief description of AMLC-provided training**

From January to December 2007, the AMLC conducted a total of 282 educational programs/seminars on the AMLA, as amended and its Revised IRRs, the pernicious effects of money laundering, its various methods and techniques and how to effectively prosecute and punish money launderers. Participants included personnel of covered institutions, law enforcement and military personnel, businessmen, members of the academe, media, BSP, SEC, IC examiners and officials, and the general public.

### **(b) Brief description of assistance received by the AMLC and other relevant government agencies**

- The technical assistance provided by the Asian Development Bank (ADB) for Strengthening the Anti-Money Laundering Regime in the Philippines (ADB TA4601-PHI: Strengthening the Anti-Money Laundering Regime - Phase II), was approved 24 June 2005.

The ADB TA&T is intended to support the effective implementation of the AML regime, particularly, (1) the

systematic identification and addressing of bottlenecks and obstacles in the implementation, (2) strengthening of suspicious transaction reporting, (3) strengthening of the legal and regulatory framework, (4) development of cost-effective and sustainable training programs, and (5) strengthening of working relationships between Philippine AML authorities and counterparts from other jurisdictions.

The ADB TA&T Program was supposed to expire in March 2007 but upon the AMLC's request, the program was extended until December 2007 with a US\$60,000.00 funding for training.

Courses undertaken under the TA include:

- a) A 2-day Anti-Money Laundering and Terrorist Financing course for the examiners of the Insurance Commission on 11-12 January 2007 at the Insurance Commission Building, U.N. Avenue, Manila.
- b) A 3-day AML/CFT course for SEC Examiners and other relevant government agencies, 13-15 February 2007, Aloha Hotel, Manila.
- c) Two (2) workshops on "Strengthening the Anti-Money Laundering Regime in the Philippines", 19-20 March 2007 and September 2007, ADB, Ortigas, Pasig City.
- d) A total of twenty (20) courses on AML/CFT (18 courses) and Interdiction of Bulk Cash Smuggling (2 courses) were conducted from 11 January 2007 to 29 November 2007.

Total number of participants: **863**

- The Philippine AML regime was the beneficiary of the European Commission's technical assistance and training program ("Train the Trainers Program") spread over a 36-month period, for the purpose of strengthening the institutional capability of the AMLC and enhancing the cooperation of the supervising authorities, covered institutions, judicial and law enforcement agencies with the AMLC. Currently, the AMLC has a core group of AML/CFT trainers who had received adequate AML/CFT trainings both locally and abroad.

The RP-EU AML project officially started with an October 2006 Study Tour of European-FIUs particularly in France, Austria and Italy. The Philippine AML/CFT delegation was composed of representatives from the AMLC and its Secretariat, the

Department of Justice and Office of the Solicitor General. The delegates also visited the FATF Office in Paris, France.

The RP-EU AML project is a five-layer training program consisting of the following:

- a) **Layer 1 – “Training of Trainors”**. Commenced in October 2006, this program started on 6 November 2006;
  - b) **Layer 2 – “Peers Training”**. Trainors who underwent layer 1 started echoing to their peers. The program started on 4 June 2007 and ended on 24 October 2007. Included in this layer are AML/CFT trainings conducted for police officers of the Philippine Public Safety College and Civil Society Groups/Organizations.
    - Total number of sessions: **11**
    - Number of participants: **311**
  - c) **Layer 3** – Training for rural banks, commercial banks, selected SEC-covered institutions and insurance brokers. The first batch for this group was trained on 5-7 November 2007; Training for Layer 3 ended on 12 December 2007.
    - Total number of sessions: **8**
    - Number of participants: **249**
  - d) **Layer 4** – Training for frontliners and transaction officers. Tentatively scheduled for February 2008; and
  - e) **Layer 5** – Training for the members of civil society groups. (Originally scheduled for the first quarter of 2008 but trained ahead of schedule on September 2007).
- The U. S. Department of the Treasury’s Office of Technical Assistance (OTA) provided the AMLC with a financial enforcement advisor, to assist in the implementation of the Philippine Anti-Money Laundering/ Combating the Financing of Terrorism strategy and OTA work plan to: (1) Enhance AMLC investigation and prosecution processes; (2) Improve law enforcement collaboration; (3) Strengthen capacity building on cross-border controls; (4) Strengthen Anti-Money Laundering/ Combating the Financing of Terrorism controls on money remittance services; (5) Conduct threat evaluation and develop AML strategy; (6) Improve investigation outcomes; and (7) Identify and address methods of terrorist financing.

***OTA-sponsored training:***

- a) Gaming Training for Regulatory Agencies, 15-26 January 2007, the Aloha Hotel in Manila; and
  - b) A Gaming Training for Law Enforcement Agencies was similarly conducted on 29 January to 7 February 2007.
- For 2007, the Information Management and Analysis Group had conducted a total of forty one (41) briefings on the transaction reporting procedures nationwide. Participants totaling 922 covered institutions were predominantly rural banks, pawnshops, FX dealers, money changers, remittance agents.
  - The AMLC Computer-Based Training or e-Learning Program composed of thirteen (13) AML courses donated by the Asian Development Bank (ADB) and the United Nations Office on Drugs and Crime (UNODC) was launched on 9 July 2007. A total of 11 sessions were conducted as of year end and attended by 59 personnel from BSP, 42 from SEC, and 3 from AMLC.
  - Under the foregoing, a total of 50 AML/CFT sessions were conducted involving 1,527 individual participants or an average of 4 sessions covering 127 participants per month.

(c) **Scholarships/Courses/Trainings/Seminars/Workshops**

- Two (2) members of the AMLC Secretariat were granted full scholarships to foreign educational institutions in 2007:
  - 1) As a beneficiary of the BSP Educational Scholarship and Training (BEST) Program, Atty. Mel Georgie B. Racela, Bank Attorney III, obtained his Master of Laws in International Studies from Georgetown Law Center, Washington D.C., U.S.A. on 20 May 2007.
  - 2) In line with its transnational crime prevention program, AusAID sponsored Ms. Mary Rose M. Alim, AMLC Secretariat Investigator to a one year scholarship in Australia. On 17 December 2007, Ms. Alim graduated with distinction and earned her Masters Degree in Forensic Accounting at the University of Wollongong.
- For the year 2007, AMLC Secretariat personnel attended the following AML/CFT related meetings, trainings/seminars/workshops:

- 1) 15<sup>th</sup> Egmont Plenary Meeting — 28 May-1 June 2007, Hamilton, Bermuda;
- 2) Asia Pacific Group on Money Laundering (APG) Annual Meeting — 23-27 July 2007, Perth, Australia;
- 3) Seminar on Building an Effective Anti-Money Laundering Regime — 17 April 2007, Presidential Palace, Jakarta, Indonesia;



Indonesian President Susilo Bambang Yudhoyono congratulates Atty. Vicente S. Aquino, Anti-Money Laundering Council (AMLC) Secretariat Executive Director, for sharing AMLC's experience and success in combating money laundering and terrorist financing during Indonesia's National Seminar, entitled "Building an Effective Anti-Money Laundering Regime", held at the Presidential Palace, Jakarta on 17 April 2007.

- 4) Workshop on Strengthening the Anti-Money Laundering Regime in the Philippines — Sponsor: Asian Development Bank (ADB), 19-20 March 2007, ADB Headquarters, Manila;
- 5) International Conference on Security — 26 February-2 March 2007, Singapore;
- 6) Global Forum on Fighting Corruption and Safeguarding Integrity — 2-5 April 2007, Johannesburg, South Africa;
- 7) Workshop on Non-Profit Organizations and Alternative Remittance Systems — Sponsors: AUSTRAC and APEC, 11-13 April 2007, Kuala Lumpur, Malaysia;



- 8) SEACEN-World Bank Regional Advance Workshop for Banking Supervisors on Anti-Money Laundering and Counter Financing of Terrorism — 15-20 April 2007, Kuala Lumpur, Malaysia;
- 9) Global Financial Crime Congress — Sponsor: UNODC, 17-20 April 2007, Bangkok, Thailand;
- 10) World Bank "Train the Trainers" Workshop — 30 April–4 May 2007, Jakarta, Indonesia;
- 11) US-DOJ Regional Assistance Program on Money Laundering and Terrorist Financing Through Charities and New Trends of Money Laundering Technology — 21-24 May 2007, Kuala Lumpur, Malaysia;
- 12) International Law Enforcement Academy (ILEA) Complex Financial Investigation Course — 22 April-4 May 2007, Bangkok, Thailand;
- 13) Southeast Asia Regional Bulk Cash Smuggling Conference — Sponsor: FinCEN, AUSTRAC, U.S.-ICE and Australian Customs, 5-8 June 2007, Mandarin Oriental Hotel in Makati City;
- 14) Counter-Terrorism Financial Regulatory Course — Sponsosr: US State Department and Federal Deposit Insurance Corporation (FDIC), 25-30 June 2007, Arlington, Virginia;
- 15) Counter-Terrorism Financing Workshop — Sponsors: APEC and the South East Asian Centre for Counter-Terrorism (SEARCCT), 17-19 July 2007, Melbourne, Australia;
- 16) APG AML/CFT Mutual Evaluation Training Workshop — Sponsor: IMF, 30 July-3 August 2007, IMF Singapore Training Institute;
- 17) Enterprise Theory of Investigation — Sponsor: US Federal Bureau of Investigation (FBI), 30 July-3 August 2007, National Defense College, Camp Aguinaldo, Manila;
- 18) Financial Investigative Techniques and Terrorism Financing — Sponsor: FBI, 30 July-10 August 2007, Cebu City;
- 19) Capacity Building Workshop on Combating Corruption Related to Money Laundering — 20-22 August 2007, Bangkok, Thailand;
- 20) Open-Ended Intergovernmental Working Group on Asset Recovery — 27-28 August 2007, Vienna, Austria;

- 21) Open-Ended Intergovernmental Working Group on Review of the Implementation of the United Nations Convention Against Corruption — 27-28 August 2007, Vienna, Austria;
  - 22) Financial Investigation Course — 17-21 September 2007, Hong Kong;
  - 23) 5<sup>th</sup> Information Technology Crime Investigation and Training Seminar — Sponsor: Interpol, 2-4 October 2007, Tokyo, Japan;
  - 24) 2007 Transnational Crime Investigation Course — 4-9 November 2007, Taipei;
  - 25) Fight Against Financial Delinquency and Money laundering Seminar — 19-23 November 2007, Marne-la-Vallee, France;
  - 26) FATF/APG Annual Typologies Meeting — 28-30 November 2007, Thailand, Bangkok;
  - 27) 2<sup>nd</sup> Basic Training Course on Investigation in AML for ASEAN Law Enforcement Agencies — 28 November-7 December 2007, Singapore;
  - 28) Joint Financial Stability Seminar on Prevention of Money Laundering and Terrorist Financing – Sponsors: Bank for International Settlements and the Centre for Latin American Monetary Studies, 3-5 December 2007, Mexico; and
  - 29) Workshop on AML/CFT Measures in the Casino Industry — Sponsors: AUSTRAC and IMF, 10-14 December 2007, Macau Special Administrative Region.
- Staff Members of the Information Management and Analysis Group (IMAG) of the AMLC Secretariat attended the following relevant trainings in 2007:
    - 1) eGovernment Project Management Seminar conducted by the National Computer Institute on 19-23 March 2007;
    - 2) SUSE Linux Enterprise Server Fundamentals conducted by the Businessmaker Academy on February 17, 24, March 3, 10 & 17, 2007;
    - 3) Computer-Based Training Program of the UNODC (13 modules) conducted by the AMLC Secretariat on 21-22 March 2007;
    - 4) Business Continuity Management – Best Practices (BCM 300) conducted by the BSP Institute in cooperation with Glo-Cal Advanced Systems, Inc. on 18-19 June 2007;

- 5) Fundamentals of Project Management conducted by the BSP Institute on 9-11 July 2007;
- 6) Two (2) batches of the Anti-Money Laundering Course – Layer 2 conducted by the European Commission and AMLC on 10-12 July 2007 and 16-18 July 2007;
- 7) Hummingbird Business Intelligence Cube Creator conducted by the Systems Software Consulting Group Inc. on 9-10 August 2007;
- 8) Course on Money Laundering & Terrorist Financing conducted by the AMLC, ADB, PNP, US Treasury, US Embassy on 5-7 September 2007;
- 9) SUSE Linux Enterprise Server Administration conducted by Businessmaker Academy on September 15, 22, 29, October 6 & 11, 2007;
- 10) Joint 8<sup>th</sup> CTINS Annual Conference and 5<sup>th</sup> Information Crime Investigation and Training Seminar conducted by the INTERPOL and the National Police Agency held in Japan on 2-4 October 2007;
- 11) IT Security Awareness in 9 batches conducted by the Information Technology Sub-sector from 16 October to 6 November 2007;
- 12) SUSE Linux Enterprise Server Advanced Administration conducted by Businessmaker Academy on November 10, 17, 21, 26 & 28, 2007;
- 13) Seminar Workshop on Terrorist Financing conducted by the National Defense College, S. Rajaratnam School of International Studies and the World-Check on 21-23 November 2007;
- 14) Terrorist Financing Workshop conducted by the Australian Security Intelligence Organization (ASIO) on 3-5 December 2007;
- 15) Oracle 9i Database Administration Fundamentals I conducted by the Oracle University on 17-21 December 2007;

**(d) Brief description of assistance needed during the next twelve (12) months.**

The AMLC and other relevant government agencies need more follow-through technical assistance and training to support their ongoing efforts to further strengthen the Philippines' anti-money laundering regime, more particularly, to cover and address the following areas and concerns:

- 1) Enhancing sustainability in all aspects of the anti-money laundering regime;
- 2) Improving and strengthening further the investigative tools and techniques for the AMLC and LEAs;
- 3) Conducting an AML/CFT threat assessment and NPO Sector review; and
- 4) Enhanced suspicious transaction identification.

### **3. FUNCTIONS OF THE AMLC**

#### **A. Covered and Suspicious Transaction Reporting**

The AMLC receives two (2) types of reports: (a) covered transaction reports and (b) suspicious transaction reports:

All transactions in cash or equivalent monetary instruments involving a total amount in excess of PhP500,000 within one banking day are automatically reported by covered institutions to the AMLC as covered transactions (Section 3 [b] AMLA, as amended).

Suspicious transactions are transactions with covered institutions, regardless of the amounts involved, where any of the following circumstances exist:

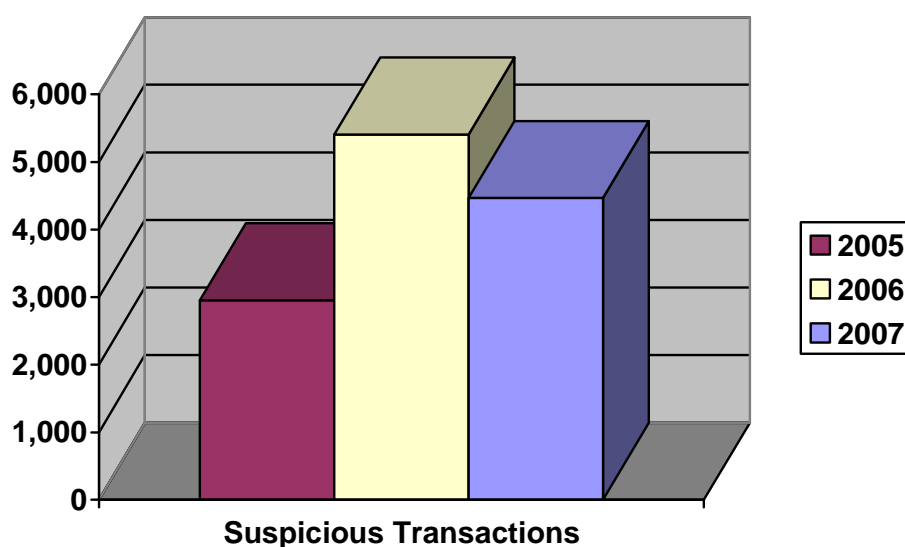
1. there is no underlying legal or trade obligation, purpose or economic justification;
2. the client is not properly identified;
3. the amount involved is not commensurate with the business or financial capacity of the client;
4. taking into account all known circumstances, it may be perceived that the client's transaction is structured in order to avoid being the subject of reporting requirements under the act;
5. any circumstance relating to the transaction which is observed to deviate from the profile of the client and/or the client's past transactions with the covered institution;
6. the transaction is in any way related to an unlawful activity or offense under this act that is about to be, is being or has been committed; or
7. any transaction that is similar or analogous to any of the foregoing (Section 3 [b-1], *ibid.*)

All covered transactions are submitted in electronic form while suspicious transactions are reported both in electronic form and in hard copy to the AMLC.

**i. Total Number of covered transactions (CTs)/ suspicious transactions (STs) for 2007**

	<i>Banks/ NBFIs</i>	INSURANCE	SECURITIES	TOTAL NO. OF TRANSACTIONS
<b>STs</b>	4,448	16	0	<b>4,464</b>
<b>CTs</b>	28,739,765	47,982	35,389	<b>28,823,136</b>

For the year 2007, the AMLC received 3,949 suspicious transaction reports (**STRs**)<sup>1</sup> covering 4,464 suspicious transactions (**STs**). It also received a total of 28,823,136 covered transactions reports (CTRs).



Suspicious transactions reported to the AMLC decreased by 17.38% in 2007 as compared to 2006. There were **4,464** suspicious transactions (**STs**) reported in 2007; **5,403** in 2006; and **2,951** in 2005. The noted drop in STs can be traced to decreased ST reporting by credit card and lending companies and increased STR awareness. STRs based on denied credit card and loan applications used to account for 25-30% of total STRs filed or an average of 100 STRs per month.

Of the **3,949 STRs** in 2007, **1,988** reports or **50.34 %** of the total reports submitted for the year were subjected to enhanced analysis and further investigation since they were found to be related to certain unlawful activities under the AMLA e.g., kidnapping for ransom, violations of the Dangerous Drugs Act, qualified theft, estafa, graft and corruption and terrorist-related activities.

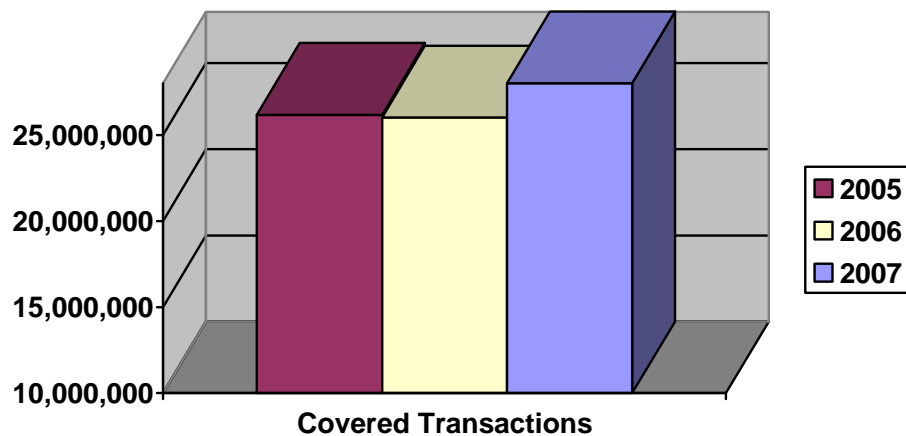
<sup>1</sup> An **STR** may show/report two (2) or more suspicious transactions or **STs**.

The remaining **49.66%** or **1,961** reports received were placed in AMLC's "Database Watchlist" for future reference.

As a rule, covered transaction reports (CTRs) are not investigated except when they are deemed suspicious after an AMLC inquiry.

**ii. Number of Cases filed in 2007 vis-à-vis the STRs/CTRs Investigated.**

	No. of Cases Filed		No. of STRs Involved	No. of CTRs Involved
Civil Forfeiture Cases		2	8	4
Money Laundering Complaints		3	63	205
a. Filed Before the DOJ	2			
b. Filed Before the Ombudsman	1			
Criminal Cases Filed Before the RTC		3	10	1,607
Application for Freeze Orders Filed Before the CA		3	205	2,695
<b>TOTAL</b>		<b>11</b>	<b>286</b>	<b>4,511</b>



For covered transactions received by the AMLC, there were 28,823,136 covered transactions in 2007 as against 26,019,766 in 2006 and 26,169,812 in 2005.

## **B. Investigation and prosecution of money laundering, civil forfeiture and related cases**

Under the AMLA, the AMLC is authorized to investigate suspicious transactions and covered transactions deemed suspicious after an investigation by AMLC, money laundering activities and other violations of the AMLA (Section 7 [5], AMLA as amended).

To guide its Secretariat in the conduct of its AML/CFT investigations, the AMLC authorized its Secretariat to investigate money laundering and related offenses prompted and triggered by the following transactions and/or circumstances:

- a) Suspicious Transaction Reports (STRs);
- b) Covered Transaction Reports that are or can be materially linked to any specified unlawful activity, suspicious transaction, money laundering activities and/or other AMLA-related violations;
- c) Referrals by Supervisory Authorities, law enforcement and other agencies on possible money laundering activities/offenses and other violations of the AMLA;
- d) ***Subject to the rules on reciprocity***, referrals by foreign jurisdictions/states, agencies or FIUs involving possible money laundering activities/offenses, ***provided***, that the predicate offenses upon which the possible money laundering activities/offenses are based are of similar nature to the unlawful activities under the AMLA, as amended;
- e) Newspaper or media reports of money laundering activities which contain sufficient leads or particulars to warrant the taking of further action, ***provided*** that the predicate offense can be sufficiently established by the following: (i) proof of its ongoing investigation by the concerned law enforcement agency; (ii) the filing of the corresponding criminal information; or (iii) the pendency of the criminal case for the predicate offense;
- f) Citizens' sworn complaints relating to money laundering activities and/or other violations of the AMLA, ***provided*** the conditions under paragraph (e) above are met with regard to sufficient leads and proof of the predicate offense;

- g) Text (SMS) scams;
- h) Media reports in violation of Section 9 [c] of the AMLA (Breach of Confidentiality);
- i) Sworn complaints from alleged victims of malicious reporting (Section 14[c], AMLA); and
- j) Such other reports, referrals or complaints similar, analogous or identical to any of the foregoing as may be determined by the AMLC.

For 2007, the AMLC received **3,949** STRs or an average of **329** STRs per month. Divided by the actual number of investigators (**9**), this figure translates into **438** STRs assigned to each investigator for 2007 alone.

Aside from STRs, the AMLC also receives referrals/requests for assistance from other states as well as from domestic law enforcement agencies. In 2007 alone, the AMLC received fifty-nine (59) international requests for assistance and fifty-six (56) requests from domestic agencies.

To properly manage the apparent manpower deficiency, the AMLC devised a System of Priority which shall be observed in all investigations by the Secretariat. Investigations shall be conducted in the following order:

- (a) STRs, CTRs deemed suspicious after AMLC investigation and referrals/sworn complaints/media reports of money laundering activities (regardless of the amount involved) where the unlawful activity/predicate offense is any of the following: kidnapping for ransom, violations of the Comprehensive Dangerous Drugs Act of 2002; graft and corruption, plunder, syndicated *estafa*/swindling (fraud), smuggling and acts of terrorism;
- (b) STRs, CTRs deemed suspicious after AMLC investigation and referrals/sworn complaints/media reports of money laundering offenses involving unlawful activities/predicate offenses other than those mentioned in (a); and
- (c) STRs, CTRs, referrals/sworn complaints/media reports involving other violations of the AMLA.

Covered transactions and suspicious transactions are not stand alone evidence and serve only as investigative triggers. Prior to



the filing of any complaint or action in court, the AMLC must be satisfied that probable cause exists that the accounts subject of the report are related to unlawful activities under the AMLA.

### C. Comparative Statistics for 2007 and 2006

#### i. Cases filed.

	<b>2007</b>	<i>2006</i>
Civil Forfeiture Cases	<b>2</b>	<b>2</b>
Money Laundering Complaints	<b>3</b>	-
a. Filed Before the DOJ	<b>2</b>	-
b. Filed Before the Ombudsman	<b>1</b>	-
Criminal Cases Filed Before the RTC	<b>3</b>	-
Application for Freeze Orders Filed Before the CA	<b>3</b>	<b>3</b>
<b>TOTAL</b>	<b>11</b>	<b>5</b>

#### ii. Terminated Cases

	<b>2007</b>	<i>2006</i>
Civil Forfeiture Cases	<b>4</b>	<b>3</b>
Money Laundering Complaints Filed Before the DOJ	<b>1</b>	-
Application for Freeze Orders Filed Before the CA	<b>2</b>	<b>4</b>
Criminal Cases filed before the RTC	-	<b>1</b>
<b>TOTAL</b>	<b>7</b>	<b>8</b>

#### iii. Court Authorized Inquiry

	<b>2007</b>	<i>2006</i>
Filed and Granted	<b>5</b>	<b>5</b>

A total of five (5) civil forfeiture cases were decided in favor of the Republic of the Philippines in 2007. The judgments in **four** (4) of these civil forfeiture cases<sup>1</sup>, involving the aggregate amount of P18,483,557.78 and US\$1,001.34, were executed in 2007 and were turned over to the National Treasury.

<sup>1</sup> The four (4) consolidated civil forfeiture cases were filed on 18 July 2003 and decided on 2 February 2007. The decision was executed on 30 June 2007.

In the civil forfeiture case of "Republic of the Philippines vs. Alfredo Baclado a.k.a. James Yap et al."<sup>1</sup>, the Regional Trial Court of Manila, Branch 17, rendered a decision dated 6 December 2007 forfeiting the amount of **P2,279,048.00** in favor of the Republic of the Philippines<sup>2</sup>.

#### **D. Cumulative Statistics as of 31 December 2007**

##### **i. Number of active money laundering, civil forfeiture and related cases**

	<b>OMB</b>	<b>DOJ</b>	<b>RTC</b>	<b>CA</b>	<b>SC</b>	<b>TOTAL</b>
MONEY LAUNDERING CASES	1	11	25			37
CIVIL FORFEITURE CASES			20			20
APPLICATIONS FOR BANK INQUIRY			2			2
APPLICATIONS FOR FREEZE ORDER				0		0
PETITIONS FOR EXTENSION OF FREEZE ORDER				9	2	11
<b>TOTAL</b>	<b>1</b>	<b>11</b>	<b>47</b>	<b>9</b>	<b>2</b>	<b>70</b>

Out of the thirty seven (37) money laundering cases, twenty five (25) are currently being tried before special anti-money laundering courts and eleven (11) are under preliminary investigation by the Anti-Money Laundering Task Force of the Department of Justice. A money laundering complaint involving one hundred sixty-five (165) counts is under preliminary investigation by the Office of the Ombudsman.

The AMLC has filed a total of 107 money laundering and related cases out of which 37 had already been terminated as shown below:

##### **ii. Number of Terminated Cases**

	<b>OMB</b>	<b>DOJ</b>	<b>RTC</b>	<b>CA</b>	<b>SC</b>	<b>TOTAL</b>
MONEY LAUNDERING CASES			1			1
CIVIL FORFEITURE CASES			7			7
APPLICATIONS FOR BANK INQUIRY			21			21
APPLICATIONS FOR FREEZE ORDER				6		6
PETITIONS FOR EXTENSION OF FREEZE ORDER					2	2
<b>TOTAL</b>			<b>29</b>	<b>6</b>	<b>2</b>	<b>37</b>

<sup>1</sup> Filed in 13 February 2004.

<sup>2</sup> A Third Party Claim on the forfeited funds was subsequently filed and is pending with the court.

**iii. Amount of funds / bank deposits frozen**

CURRENCY	TOTAL AMOUNT FROZEN	TOTAL AMOUNT UNFROZEN/ FORFEITED IN FAVOR OF RP OR VICTIMS	EXCHANGE RATE AS OF 31 DECEMBER 2007	TOTAL (IN PHILIPPINE PESOS)
<b>PHILIPPINE PESOS</b>	P1,204,387,402.43	P933,323,446.02	-	<b>P271,063,956.41</b>
<b>US DOLLARS (US\$)</b>	US\$3,570,266.94	US\$539,563.75	41.4010	<b>125,474,142.77</b>
<b>JAPANESE YEN (¥)</b>	¥4,362,920.56	¥63,114.36	0.3642	<b>1,565,989.42</b>
<b>HONGKONG DOLLARS (HKD\$)</b>	HKD\$1,474,179.62	-	5.3078	<b>7,824,650.59</b>
<b>EURO (€)</b>	€1,000.64	-	60.5572	<b>60,595.96</b>
<b>TOTAL (IN PHILIPPINE PESOS)</b>	-	-	-	<b><u>P405,989,335.14</u></b>

**iv. Real Properties subject of Civil Forfeiture Cases**

NUMBER OF CASES	PARCELS OF LAND INVOLVED	TOTAL LAND AREA	ESTIMATED VALUE (IN PHP)
2	8	6,137 SQM	P33,020,500.00

**v. Number of inquiries/examinations conducted in various banks (without court order)**

UNLAWFUL ACTIVITIES INVOLVED	NO. OF AMLC RESOLUTIONS ISSUED	NO. OF SUSPECT INDIV/ENTITIES INVOLVED	NO. OF ACCOUNTS INQUIRED INTO/ EXAMINED
DRUG TRAFFICKING	18	82 INDIVIDUALS	220
KIDNAPPING FOR RANSOM	8	8 INDIVIDUALS	28
TERRORISM- RELATED	15	41 INDIVIDUALS/ 4 ENTITIES	52
<b>TOTAL</b>	<b>41</b>	<b>131 INDIVIDUALS/ 4 ENTITIES</b>	<b>300</b>

**vi. Number of inquiries/examinations conducted in various banks (with court order)**

UNLAWFUL ACTIVITIES INVOLVED	NO. INQUIRIES/EXAMINATIONS
MONEY LAUNDERING OFFENSE/ESTAFA	3
SECURITIES REGULATION CODE VIOLATION	6
MONEY LAUNDERING OFFENSE/ANTI- GRAFT & CORRUPT PRACTICES	6
SWINDLING/FRAUD (1 WITH WAIVER)	4

## **E. Compliance and Enforcement**

While under the AMLA, it is the Supervising Authorities (the Bangko Sentral ng Pilipinas, the Insurance Commission and Securities and Exchange Commission) which have the primary responsibility to ensure that the covered institutions under their respective supervision/regulation fully comply with the AMLA and its Revised Implementing Rules and Regulations, the AMLC nevertheless investigates and if warranted, imposes administrative fines and/or files appropriate charges against erring covered institutions and their responsible personnel. In fact, the AMLC had already imposed administrative fines on erring covered institutions. Minimum amount of the fine was P100,000 per violation.

The AMLC had also required a number of covered institutions to explain why they should not be held liable for failure to file STR/CTR and observe the KYC policy.

### **i. Resolved administrative matters under investigation**

<b>VIOLATION</b>	<b>NO. OF CASES</b>
FINE/S PAID	15
FINE/S PAYMENT STILL PENDING	5
WITHOUT FINE	2

### **ii. Number of pending administrative matters**

<b>VIOLATION</b>	<b>NO. OF CASES</b>
FAILURE TO SUBMIT STR/CTR	64
FAILURE TO OBSERVE KYC RULE	2

## **4. APG Typologies – method and trends**

### **(a) ML/TF Typologies Identified**

#### **• Swindling/Fraud**

MB bank submitted a consolidated Suspicious Transaction Report (STR) on three (3) separate swindling/fraud incidents involving high-ranking police officers as victims.

Each victim claimed that he received a mobile phone call from their superior police officer requiring them to deposit a specified amount (equivalent to not more than US\$300.00) to the account of LLV whose surname is the same as that of a government official. Various reasons were given for requiring

the deposit: a) for the benefit of police retirees; b) to defray the cost of police supplies; and c) donation to a charity sponsored by a senior government official.

It was only after the deposit was made that the police officers found out that their superior officers never made such a call. The funds in the account were immediately withdrawn by the fraudsters.

The STR and LLV's account opening documents disclose that LLV was a scholar of a foundation and that the account was opened for the purpose of receiving her quarterly allowance from the foundation.

- **Narcotics/Illegal Drugs**

Anti-Narcotics agents of the national police enforced a search warrant on an illegal drugs den known in the locality as a "*shabu*" *flea market*. *Shabu* is the street name for methamphetamine hydrochloride, a popular narcotic considered the "poor man's cocaine". The "flea market" was owned by BA and one of his wives, MA.

Bank records show that the spouses maintained several bank accounts in Manila and in southern Philippines. These accounts received numerous deposits mostly in cash. Aggregate monthly deposits ranged from P1 million to P90 million. Records also show that the spouses invested in government securities (P25 million) and life insurance policies (P5 million). The spouses applied for monetary instruments payable to car dealers and building contractors.

The AMLC was able to secure a freeze order on all the known funds and other assets of the spouses. Civil forfeiture actions were filed with the special AML court to forfeit properties (estimated value: P23 million) and funds in banks (P21 million). The forfeiture proceedings are ongoing.

## **5. NPO Sector domestic review**

### **(a) Steps taken to plan or undertake a domestic review of the NPO sector**

- The Securities and Exchange Commission (SEC), the Insurance Commission, the AMLC (through its Secretariat), the Department of Social Welfare and Development (DSWD) and the Cooperative Development Authority (CDA) held its first NPO

Sector Assessment meeting on 5 July 2007. A Technical Working Group on NPO Sector Assessment was formed initially to: a) review existing domestic laws relating to NPOs; and b) identify the members of the sector in accordance with their roles, fields and areas of operation.

**(b) Agencies involved in planning/undertaking the NPO sector review**

- The AMLC, the Securities and Exchange Commission (SEC), the Insurance Commission, the Department of Social Welfare and Development (DSWD) and the Cooperative Development Authority (CDA) are the prime movers for the NPO Sector Assessment. During the 5 July 2007 meeting, it was agreed that the AMLC Secretariat Executive Director will head the Technical Working Group.

**(c) Technical assistance required for completion of the NPO sector review**

- Due to the great number of registered foundations and other non-stock, non-profit organizations, additional well-trained manpower will be needed to monitor the submission of requirements and for the conduct of actual audit.

**(d) Interim findings of partially completed reviews**

The TWG on NPO Assessment was able to cover only two (2) types of non-government/non-profit organizations (NGOs/NPOs) in the Philippines: **Cooperatives** and **Non-Stock corporations** under which "foundations" comes as a further or more specific classification.

- **Definitions**

i) A "*cooperative*" is a duly registered association of persons with a common bond of interest who have voluntarily joined together to achieve a lawful, common social or economic end and who contribute equitably to the capital required and accept a fair share of the risks and benefits of the undertaking in accordance with universally accepted cooperative principles (Sen. Aquilino Pimentel, *A Handbook on Cooperatives* 1996, ed. pp. 3-4).

ii.) A "*foundation*" is a non-stock, non-profit corporation established for the purpose of extending grants,

endowments to support its goal or raising funds to accomplish charitable, religious, educational, athletic, cultural, literary, scientific, social welfare or other similar objectives (Section 1, SEC Circular No. 8 [22 June 2006]).

- ***Supervising/Regulatory Authority***

Cooperatives are regulated by the Cooperative Development Authority (CDA). The CDA is authorized, among others, to register all cooperatives and their federations and unions, including their division, merger, consolidation, dissolution or liquidation.

There are more than 70,000 cooperatives registered with the CDA. In 2007, CDA registered 1,809 new cooperatives. It also cancelled the registration of 9,859 cooperatives.

Section 3 of the CDA law (Republic Act No. 6939) requires all registered cooperatives to submit annual financial statements duly audited by certified public accounts. Non-submission of said financial statements for two consecutive years is a ground for cancellation of registration.

“Foundations” are registered and regulated by the Securities and Exchange Commission (SEC).

On 22 June 2006, SEC issued the Revised Guidelines on Foundations (Circular no. 8) which require foundations to submit reports on their funding sources as well as their applications.

A registered foundation is required to show a certification from, among others, the Office of the Mayor or the Department of Social Welfare and Development (DSWD), on the existence of the foundation’s program/activity in the locality on which it exercises jurisdiction.

The Circular authorized the SEC to audit and access the foundations’ corporate and accounting books. It requires all foundation-related funds to be deposited in a banking institution regulated by the *Bangko Sentral ng Pilipinas* (Central Bank)

As of March 2007, a total of 40,130 domestic non-stock corporations were registered with the SEC.

In September 2007, senior officers and staff of the CDA, the DSWD and select members of the civil society groups

underwent AML/CFT trainings under the RP-EU AML Project, Layer 5.

**(e) Key findings for completed reviews**

- No completed review yet.

**6. Computerization Project**

**a. AMLC's Transaction Monitoring and Analysis System (TMAS)**

Activities pertaining to data collection and analysis continued to be undertaken during the year. However, due to the growing and evolving specifications in the system, revisions/modifications were undertaken on the data management component of TMAS. Originally, AMLC was concerned with the expeditious reporting compliance of covered institutions focusing on data collection on a best effort basis. In 2007, activities have been started and coordinated with the covered institutions to address issues on data quality. A review of the database schema is also ongoing as of year end to improve the effectivity and efficiency of the system as well as facilitate implementation of the link analysis and visualization software.

Preparations for the implementation of the Case Management and Workflow have been started with the scanning and profiling of all the AMLC resolutions and hard copy Suspicious Transaction Reports (STRs). These will be migrated to Hummingbird's Document Management (DM) module by the first quarter of 2008 for the subsequent creation of case folders and application of the workflow including Records Management (RM).

While there is ongoing study for a more advanced data mining facility, parameterized scripts to perform proactive search have been formulated. These scripts may be executed anytime upon request using parameters submitted by AMLC investigators.

As part of the Technical Assistance and Training (TA&T) Program of the Australian Transaction Reports and Analysis Centre (AUSTRAC), representatives from AUSTRAC visited the AMLC twice in May and December 2007 basically to assess the training and assistance needs in terms of the IT system. The database structure/normalization, processes, procedures, goals of proactive analysis and data mining were discussed including AUSTRAC's inputs on enhancing data quality.



## **b. Network & Communications Infrastructure**

The data security was enhanced with the software upgrade from Trend Micro Enterprise Security Suite to Trend Micro NeatSuite III. This is to improve the proxy and email security systems as well as the desktop and server anti-virus systems. Monitoring of the level of reliability, capacity, performance, & availability of the network and communications system was continuously done to ensure efficiency and function. Additional disk capacity was acquired to address the growing storage requirement. Major upgrade of the various modules of the Hummingbird software was completed in 2007 both on the development and production environments as well as in the back-up site.

## **c. Support Applications**

To equip the Secretariat Staff with the necessary tools to perform their functions, the Property Inventory System (PIS) was developed during the first quarter of 2007 to manage AMLC's property and inventory control needs. The system provides a flexible and dynamic solution capable of addressing all aspects of inventory control, tracking and related activities promoting accountability and investment costing.

## **7. Future priorities/planned initiatives**

- (a) The further streamlining of the AMLC Secretariat to meet the AMLC's growing workload.
- (b) To further study and propose legislative changes to Republic Act No. 9160, otherwise known as the Anti-Money Laundering Act of 2001, as amended, in line with the FATF's Revised Forty (40) and Nine (9) Special Recommendations and the 2004 AML/CFT Methodology.
- (c) To conduct more AML/CFT awareness seminars for cooperatives and other NPOs.
- (d) To favorably act on 80% and 70% respectively, on all domestic and international requests for assistance.
- (e) To develop and file more money laundering and related cases.

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